Easing of conditions for sanctioning of loans

*197. SHRI GIREESH KUMER SANGHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government would make innovative efforts to ensure that the loans are sanctioned by the Nationalised Banks without any hassles like asking for collateral security and other stringent conditions;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether Government have conducted any study on easing the conditions for sanctioning of loans by Nationalised Banks;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) Efforts on easing of conditions for sanctioning of loans by the banks is a continuous process attempted by the Government through the Reserve Bank of India. RBI has been issuing guidelines to banks for simplification of procedures and conditions for loans under different schemes/sectors. Details of the major schemes/sectors where sanction of loans has been simplified and made collateral free, are given in the Statement *(See below)*.

(d) to (f) The guidelines from RBI to banks for easing of conditions for sanction of loans are based on studies made by different committees and their recommendations. On the flow of credit to agriculture and related activities, the latest guidelines are based on recommendations of Vyas Committee. Similarly on SSI credit, the guidelines are based on the recommendations of the Ganguly Committee. The improvements on guidelines on Government sponsored schemes are based on evaluation studies undertaken by the sponsoring Ministries/Departments.

Statement

The details of major schemes/sectors where conditions of loans by banks have been eased.

(i) Agricultural loan:

Keeping in view the importance of flow of credit to agriculture, in particular to small borrowers, banks have been advised that they may waive margin/ security requirements for agricultural loans up to Rs. 50000/- and in the case of agri-business and agri-clinics for loans up to Rs. 5 lakh. Beyond

this limit, banks have been advised to use their discretion on matters relating to security requirements for agricultural loans.

(ii) Loans to SSI sector:

(a) No collateral security is required for credit limits up to Rs. 5 lakh in respect of all SSI units.

(b) In respect of loan limits up to Rs. 25 lakh the banks have been advised to dispense with the collateral requirements on the basis of good track record and the financial position of the SSI units (with the approval of their Boards).

(iii) Loans to Other Priority Sector:

The "Other Priority Sectors" include loans to Small Road and Water Transport operators, Retail Trade, Small Business, Professionals and Self employed, etc.

(a) No collateral/security is required for loan amounts up to and inclusive of Rs. 25,000/-

(b) For loan amount in excess of Rs. 25,000/- collateral security by way of immovable properties or third party guarantee may be asked for only in cases where primary security is inadequate or for other valid reasons. The banks; therefore, have been given discretion (to be determined on the merits of each case) in matters relating to collateral/securities for loan amounts above Rs. 25,000/-

(iv) Educational loan scheme:

Up to Rs. 4 lakh : No security

Above Rs. 4 lakh and upto Rs. 7.5 lakh: Collateral in the form of a suitable third party guarantee. The bank may, at its discretion, waive third party guarantee if satisfied with the net-worth/means of parent who would be executing the document as joint borrower

Above Rs. 7.5 lakh: Collateral security of suitable value or suitable third party guarantee along with the assignment of future income of the student for payment of installments.

(v) Government sponsored schemes:

(a) Prime Minister's Rozgar Yojana (PMRY): No collateral for units in industry sector with project cost up to Rs. 2.00 lakh (the loan ceiling under the PMRY). For partnership projects under Industry Sector, the exemption limit for obtention of collateral security will be Rs. 5.00 lakh per borrowal account. For units in service and business sector no collateral

for project up to Rs. 1.00 lakh. Exemption from collateral in case of partnership project will also be limited to an amount of Rs. 1.00 lakh per person participating in the project.

(b) Swarna Jayanti Shahari Rojgar Yojana (SJSRY) USEP-No collateral required.

(c) Swarnajayanti Gram Swarojgar Yojana (SGSY): For individual loan up to Rs. 50,000 and for group up to Rs. 3 lakh-Assets created out of bank loan, mortgage of land, if assets are not created as in the case of land based activities or third party guarantee. For individual loans above Rs. 50,000 and group loans above Rs. 3 lakh, in addition to primary security, suitable margin money/other collateral security may be obtained at bank's discretion

(d) Differential Rate of Interest (DRI). No collateral security/third party guarantee is required. Assets created out of the loan amount would only be hypothecated to the banks.

(e) National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS)- Security for the loan will be only hypothecation of assets created out of the loan The State Scheduled Caste Development Corporation will have second charge/pari-pasu charge over the assets to cover their margin money loan assistance

Investments in oil exploration

*198 SHRIMATI S.G. INDIRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the Government are presently importing nearly 70 per cent of its crude oil requirement and this would rise to 85 per cent by 2025;

(b) whether it is also a fact that over US $ 2.53 billion have already been invested in the blocks awarded in the first four rounds of bidding;

(c) if so, the details thereof;

(d) whether it is also a fact that Government had made bidding conditions more attractive for investors; and

(e) if so, the details thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) Yes, Sir; at present India's import dependence on